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SENSITIVE
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PASS TO RACHEL RIGBY AT DEPARTMENT OF LABOR, STATE FOR
DRL/ILCSR MMITTELHAUSER, G/TIP SSTEINER AND WHA/BSC
MDASCHBACH

E.O. 12958: N/A

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SUBJECT: PARAGUAY'S LABOR UNIONS' UNMET HOPES

SUMMARY

¶1. (SBU) Paraguay's unionized labor is fractured and represents only eleven percent of the total labor force. Labor unions have undertaken structural reforms (organizing campesino groups); however, they have had limited success organizing workers and improving labor conditions. President Fernando Lugo has included labor unions in his government and union leaders support Lugo but are skeptical of his government's ability to improve labor conditions. Union leaders' support for Lugo remains strong, but unmet expectations will likely erode the existing goodwill. END SUMMARY.

PARAGUAY'S LABOR SECTOR

¶2. (SBU) Paraguay's unionized labor is fractured and represents only eleven percent of the total labor force. Paraguay's General Directorate for Statistics, Surveys, and Censuses (DGEEC) reported in 2008 that Paraguay had a total labor force of 2,981,126 workers and approximately 317,000 Paraguayan workers belong to one of the roughly 350 organized labor unions. (NOTE: General Worker's Confederation (CGT) President Sonia Leguizamon told PolOff that unionized labor figures are rough estimates because some workers are represented by more than one union and records are out of date. END NOTE.) Labor unions represent workers in Paraguay's formal economy, including the public, industrial, and service sectors. Although the public sector has several large syndicates, most are small and represent workers in individual organizations, sectors, or geographical regions.

¶3. (U) The DGEEC report indicated that 5.7 percent of Paraguayan workers were unemployed and 26.5 percent under-employed. Many more workers are underpaid or unpaid, and few receive benefits such as pensions, sick leave, and medical insurance. Although the mandatory national minimum wage is approximately USD 265 per month, the government estimated that 50 percent of government workers and 48 percent of private-sector workers earn less than the minimum wage. Many workers face hazardous or unhealthy working conditions. Women are paid less than men and have a higher unemployment rate. Paraguay's labor force is young, with more than half of all workers under the age of 30.

¶4. (U) The 1993 Labor Code codifies Paraguay's labor laws. It allows private and public sector workers (excluding police and military personnel) to form and join unions; permits labor unions to conduct legitimate activities without

government interference; and contains provisions that protect fundamental worker rights. The Labor Code provides for the right to strike, bans binding arbitration, prohibits retribution against union organizers and strikers, and allows collective bargaining. The Labor Code does not provide provisions for unregistered campesino movements. The revised Paraguayan Penal Code, which went into effect on July 16, 2009, incorporates the Labor Code in its entirety.

LABOR UNIONS, AGENDAS

¶5. (SBU) Paraguay's labor unions have had limited success organizing workers and improving labor conditions. However, they are working to organize campesinos into legally registered syndicates and establish a coordinator to manage their diverse political agendas. National Workers, Central (CNT) representatives Narciso Castillo and Rodolfo Romero told EmbOffs that the union began a program to unionize campesinos and organize several small campesino groups into labor syndicates. Unitary Workers Central (CUT) President Jorge Alvarenga told EmbOffs that CNT, CUT, Authentic Unitary Workers Central (CUT-A), and Paraguayan Workers Confederation (CPT) established a council to coordinate their political agendas with leadership rotating between the four unions. Alvarenga noted that General Workers Confederation (CGT) opted not to join the coordinating council and that the Trade Union Confederation of Workers of Paraguay (CESITP) would be excluded as an illegitimate union.

¶6. (SBU) CNT's Castillo and Romero, CUT President Jorge Alvarenga, CUT-A President Bernardo Rojas, CGT President Sonia Leguizamon, and CPT President Geronimo Lopez told EmbOffs in June that their unions' common concerns are getting child workers off the streets; training and education; creating and sustaining jobs; ensuring adequate wages; protecting workers from discrimination and unfair labor practices; strengthening collective bargaining agreements with public institutions; improving relations between management and workers; working with the government and employers to foster better labor conditions; and working with the government to expand workers' social safety net.

¶7. (SBU) Union leaders offered different proposals for improving labor conditions. CGT supports the creation of a Labor Ministry separate from the current Ministry of Justice and Labor focused solely on labor concerns. CUT-A supports the creation of a Ministry of Social Security to coordinate workers' benefits. CUT co-authored with the Paraguayan Industrial Union a job creation proposal and submitted it for government consideration. CPT co-authored a study of the Paraguayan labor force with the assistance of the Inter-American Development Bank. (NOTE: CUT's Alvarenga stated that the government ignored the proposal. END NOTE.)

¶8. (SBU) Labor unions also run their own programs. CUT-A works closely with Itaugua Ceramics S.A., an employee-owned ceramic enterprise, to run a factory that provides jobs to over 100 industrial workers. (NOTE: During a tour of the Itaugua Ceramics factory in April 2009, factory workers told EmbOffs that CUT-A was instrumental in saving the factory from closing down in 1999 and played a key role in helping the enterprise expand. END NOTE.) Both the CNT and CPT offer computer training and educational opportunities to Paraguayan workers.

POLITICS OF LABOR

¶9. (SBU) President Lugo included labor leaders in his government and increased the national minimum wage by five percent on April 30, 2009. Although many union leaders told EmbOffs in June that they are non-partisan and do not receive government funding, some occupy official positions in Lugo's government and have blurred the line between organized labor and the government. (NOTE: Although it is officially

non-partisan, the CNT is the most favored union in the government. Former Secretary General Eduardo Ojeda is now on the board of directors of the Social Provision Institute (IPS); CNT's Castillo works for the National Institute of the Indigenous (INDI). END NOTE.)

¶10. (SBU) Paraguay's union leaders expressed support for Lugo but are skeptical that his government can improve labor conditions. CUT's Alvarenga said that within the labor movement, Lugo is viewed as a friend, but the government is not. Although CUT's Alvarenga and other leaders affirmed that Minister of Justice and Labor (MJT) Humberto Blasco has good rapport with unions, dialogue has not been productive. CGT's Leguizamon explained that Lugo's government's ability to implement reform is impeded by cronyism. CNT's Castillo and CUT's Alvarenga claimed conditions for workers have worsened since Lugo took office, although the CNT expressed optimism that conditions could improve in the near-term. CUT-A's Rojas was skeptical about the government's ability to improve labor conditions. CNT's Castillo said Lugo will not be able to resolve two key labor issues -- social security for retiring workers and getting child workers off the streets.

COMMENT

¶11. (SBU) Although some union leaders serve in Lugo's government and MJT Minister Blasco has maintained an open dialogue with the unions, union leaders are increasingly dissatisfied with the government's reform efforts. Union leaders' support for Lugo remains strong, but unmet expectations will likely erode the existing goodwill -- and if they continue, Lugo will be at risk of losing their support. END COMMENT.
Ayalde